

## Innovation in Brazil: challenges, opportunities and barriers

This was the title of the conference held on March 23<sup>rd</sup> 2015 at the University of Rome Tor Vergata.

Professor Alex da Silva Alves (University of Sao Paulo in Brazil) came to talk to us about his country which, together with India, China, Russia and South Africa is a developing one.

Brazil is one of the countries which is still affected by the crisis of 2008. The 2 main cities which participate in the highest share of GDP in the country are Sao Paolo with 40% of total GDP and Rio di Janeiro with 20% of total GDP. Professor da Silva Alves started then to discuss that innovation starts with education, health and public security. He also argued that education in Brazil, like any other country, is either public or private: Professor compared public and private Universities, and he said that it is much harder for a student to enter in the first one since it is way better than the private ones. In fact, for example, public Universities have an entry exam. On the other hand, talking about public and private schools, he said that the latter are considered to be better. Not to forget that the first step towards innovation is to provide good education, which should be Brazil's approach right now.



In 1950-1960 Brazil had a big heavy industry ranked as the 6<sup>th</sup> largest automotive, and there is not one native Brazilian automotive company. But Brazil had attracted many big companies like Citroën, Fiat, Mercedes Benz and many more. Not to forget that nowadays Brazil is the 4<sup>th</sup> largest for computer and mobile market (all in all for information and technology) industry in the world. Many important mobile countries like Samsung, Ericson, Dell, Google, Nokia, carry their researches in Brazil.

There are many barriers to innovation, one which is worth to mention is bureaucracy. We can see in the chart below that the patent of growth in Brazil is the same as in but we still can't see the same results.

Another big issue concerning Brazil is criminality. Historically, crime rates in Brazil are high when compared to rates in other countries. In 2012 Brazil registered 22,8 homicides per 100.000 inhabitants, much higher than the World Health Organization considers acceptable: 10 homicides per 100.000 inhabitants. It is also worth mentioning that the homicide rate rose 11% in Brazil between 2010

to 2012.

This together with corruption represents one of the biggest limit in Brazil's hopes of future growth.

Corruption continues to create obstacles for doing business in Brazil. Companies operating in Brazil have to deal with a wide range of regulatory agencies due to the federal structure of the political system, which may increase the likelihood of demands for bribes by public officials. Legislators enjoy a special legal standing that allows them to undertake criminal

activities with impunity. The Brazilian tax system is complex and reportedly prone to corruption. It is reported that tax collectors frequently ask for bribes to relax assessments and inspections, to refrain from pursuing acts of tax fraud or to give advice on the legal possibilities of reducing tax obligations.

Professor De Silva said that just now Brazilians are starting to see politicians that actually go to jail.

I (Lorenzo) personally discussed with the Professor about the disorganization of the country. A very clear example can be seen in the issue of the internet connection: Brazil is the 4<sup>th</sup> producer of mobile phones and computers but on the other side it won the award for the slowest internet connection.

The focus of the conference however was not on Brazil's problems but on Brazil's R&D sector. The point is that one of the biggest investments in this sector was made by the oil companies, however the price per barrel during the years dramatically dropped, furthermore it took 7 years to use such new technologies.

This unfortunate coincidence of events represents more or less Brazil's economic situation, where money not only are taken from the citizens, but also wrongly managed, with heavy investments from the public to the private sector in R&D.

However, even though the Professor pictured us an incredibly catastrophic frame, we all hope the best for Brazil and its population!

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